

1 The third item was to do with the SWOMS,
2 which I think we've really spoken enough about
3 in part one.

4 The fourth item was to do with the update
5 of the status of the SWOMS to the Special
6 Master. We were required to provide a final
7 update as to the status of the SWOMS onboard
8 both the vessels prior to the 15th of March.
9 We submitted our report on the 12th of March of
10 2009. Full commissioning had not been yet
11 achieved at that time of the SWOMS. A further
12 update was provided on the 18th of April of
13 2009 following the initial -- the full
14 commissioning of the SWOMS onboard the M/T
15 FIDIAS and then a final report was submitted on
16 the 13th of May following the full
17 commissioning of the M/T THEO T.

18 Item five was to do with computer based
19 training, which I think also we've discussed a
20 fair amount in part one.

21 And then the final part are the issues
22 that we thought would be interesting to include
23 in this hearing.

24 The first item has to do with the
25 anonymous reporting procedure. As we already

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1 discussed, we've made significant revisions to
2 that procedure. We have included it in the
3 Environmental Management Plan. We are in the
4 process of removing the logbooks and the
5 anonymous reporting form because a lot of
6 issues had been raised regarding the anonymity
7 of that reporting form and we have put into
8 place three means of anonymous reporting, one
9 is the anonymous e-mail as I have already
10 mentioned, anonymous letters through post mail,
11 and then the toll-free number which we're in
12 the process of setting up, and it's taking a
13 lot more time and causing a lot more issues
14 than we expected.

15 CAPTAIN WIGGER: A quick question. What
16 would be the problem in maintaining the two
17 systems, the lockbox as well as the toll-free
18 number?

19 MS. TSOCHLAS: Well, we could, but then it
20 comes up with how often that's going to be
21 opened. If we're required from the Master to
22 open on a weekly or a monthly basis, then we
23 come up with issues to do with is the Master
24 really going to submit to us what he found in
25 the lockbox, we don't know that because we're

1 not onboard with him. That's on the one hand.
2 On the other hand, if we require the lockbox to
3 be opened in the presence of a superintendent,
4 many months may pass before a superintendent
5 goes onboard and if it's a really big issue, we
6 want to be able to address that immediately.
7 So, that's why we're removing the lockbox. We
8 had originally just thought of leaving it as
9 another means, but then complaints could be
10 made or reported violations could be made that
11 are addressed much later because we haven't had
12 a way of access to that lockbox earlier.

13 MS. PETTUS: I just had one other thought
14 about the anonymous e-mails. When you were
15 explaining it before, you said someone could
16 set it up in a Yahoo or a G-mail, have you
17 considered also, I know a lot of companies do
18 this, where you just -- on a website there's a
19 form that you fill out, you don't necessarily
20 have to put your name, and you just attach and
21 submit and it goes to some central office.

22 MS. TSOCHLAS: It has been discussed but
23 Ionia doesn't have a website as of yet, we are
24 in the process of thinking of putting a website
25 up and that could be included then, but that's

1 not going to be immediate.

2 MR. BUNDY: Okay.

3 MS. TSOCHLAS: And then because the
4 verification audit onboard the M/T THEO T was
5 carried out a long time after the outline
6 provided by Mr. Bundy and we actually received
7 the report of that audit following the document
8 submission, we didn't submit it with the
9 previous documentation, we thought we'd include
10 it now for discussion, because there were some
11 items mentioned by the auditor during that
12 audit that we have addressed or are in the
13 process of addressing. The first item is to do
14 with the fact that there were no special
15 procedures regarding the SWOMS issued by the
16 management. As I have already discussed,
17 the -- we have developed a procedure and
18 instructions and a checklist for maintenance
19 that's been included in the Environmental
20 Management Plan that's come in effect as of the
21 1st of July. Here is where the IEC auditor did
22 mention that he did find the manuals for the
23 SWOMS onboard.

24 This was a big item, so it's split into
25 two slides.

1 MR. BUNDY: Yes.

2 MS. TSOCHLAS: A certain discrepancy was
3 found between the tank soundings and the SWOMS
4 starter printout record. The first thing that
5 we have to point out, first of all, there is an
6 allowance for certain discrepancies, because
7 for the SWOMS data to be exactly in accordance
8 with the manual soundings, the vessel has to be
9 even keeled and the senses for the SWOMS are at
10 different points in the tank as to -- they're
11 not at the same point where the manual sounding
12 is, so there will always be slight
13 discrepancies in those readings. The specific
14 discrepancy is not within the allowance, but it
15 doesn't affect the accuracy of the overall
16 recordkeeping of Waste Management onboard
17 because we do have the manual soundings that
18 are carried out, so the overall recordkeeping
19 is accurate. The issue of the discrepancy had
20 already been identified by the Chief Engineer
21 and he had reported it to the technical
22 department who, in turn, has reported it to
23 Vigilant Marine and Vigilant Marine has looked
24 into the issue and they're arranging for
25 Ashland technicians to board the vessel at the

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1 first convenient opportunity.

2 MR. CHALOS: To recalibrate the sensors.

3 MS. TSOCHLAS: To recalibrate the sensors.

4 MR. BUNDY: Okay. As I understand it, as
5 you just described, one of the problems is the
6 different locations of the sensor and the
7 manual sounding area, which depending on the
8 attitude of the vessel, could show
9 discrepancies one to the other.

10 MS. TSOCHLAS: Yes.

11 MR. BUNDY: But it seemed to me that some
12 of the calibration discrepancies we're much
13 larger than could be accounted for?

14 MS. TSOCHLAS: Initially, we did have very
15 large discrepancies and that's why we took the
16 time to get the final commissioning onboard the
17 THEO T. All of those kind of large
18 discrepancies have been dealt with. Those were
19 kind of the teething problems of the
20 installation of the unit. This is a much
21 smaller discrepancy that's occurred in one of
22 the tanks.

23 MR. BUNDY: Which tank?

24 MS. TSOCHLAS: The waste oil tank.

25 MR. BUNDY: Captain Wigger, do you have

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1 any --

2 CAPTAIN WIGGER: No real comment. Of
3 course, the waste oil tank is a small tank as
4 well, so any discrepancies, I guess, are going
5 to be magnified because it is a small tank.

6 MR. CHALOS: I think the point that Miss
7 Tsochlas was making, Mr. Bundy, is that even
8 though they're rectifying this problem by
9 Vigilant going onboard and maybe recalibrating,
10 if that's what they need, they know exactly
11 what the discrepancy is because through the
12 manual soundings and comparing them to the
13 data, they record all that. They say the data
14 says X, the manual soundings say Y, the
15 difference is this, and this is how it's
16 explained, and all that is recorded, so from
17 the recordkeeping standpoint, everything is
18 accounted for. In other words, you don't just
19 have a discrepancy and no explanation, it's all
20 explained and recorded, so anyone going onboard
21 and looking at the records can see the
22 difference between the two and why there is a
23 difference.

24 MR. BUNDY: And another problem, as I
25 understand it, is the difference when the

1 automatic SWOMS measurements are taken twice a
2 day everyday at the same time, 0, 0, 0 and
3 1200, whereas the manual soundings may be taken
4 at a different time and there may be an
5 operation in between.

6 MS. TSOCHLAS: Exactly.

7 MR. BUNDY: Have you considered that and
8 have you thought of any ways that the
9 discrepancies that would occur might be
10 reduced?

11 MS. TSOCHLAS: Those are discrepancies on
12 a daily basis that might occur. In order to
13 ensure that we don't have real discrepancies
14 that are being taken by the SWOMS and being
15 different from the manual soundings, we have
16 included in a checklist on a monthly basis at
17 the same time as the SWOMS, the manual
18 soundings will be carried out so a direct
19 comparison can be made.

20 CAPTAIN WIGGER: Of course, the other
21 factor is that at sea, the ship is rolling and
22 pitching and, you know, it's been our
23 experience when we're onboard to do an audit,
24 sometimes they want to take three soundings,
25 bang, bang, bang, because each time you get a

1 little bit different and you're measuring in
2 centimeters over a surface area that a
3 centimeter can make a difference. Yeah, it's
4 very difficult because getting an accurate and
5 then even the capability of the person taking
6 the sounding, it's a manual lead or just
7 weighted, and if he just let's that drop a
8 little bit instead of, you know, stopping as
9 soon as it -- you know, there's a lot of
10 variables involved on the manual sounding. And
11 one person can take one sounding and another
12 person can come behind him and be completely,
13 not completely different, but a different
14 sounding so, as you say, there's a lot of
15 variables, and then comparing that to an
16 electronic sounding is difficult.

17 MS. TSOCHLAS: But I think the important
18 thing here is that we're monitoring all of the
19 recording of data and making sure that it's as
20 accurate as it can be. It's not a situation
21 that is not being controlled.

22 MR. BUNDY: What is done with the SWOMS
23 data once it's received in the central office?

24 MS. TSOCHLAS: Well, it's received on a
25 daily basis. It's checked by the responsible

1 superintendent for each vessel, and then at the
2 end of the month when we receive the remaining
3 data from the vessel, which is the oil record
4 book entries and the tank sounding of the
5 engine room printouts, all of that data is
6 cross-checked between themselves.

7 MR. BUNDY: And is there some document or
8 some form that the technical superintendent
9 fills out indicating checked and --

10 MS. TSOCHLAS: He has an Excel that he
11 completes.

12 MR. BUNDY: He maintains a record of when
13 he checks it and if he's discovered any
14 problem?

15 MS. TSOCHLAS: And on the actual printouts
16 of that documentation, he writes his own
17 comments. If he has any comments to make, he
18 makes them on those printouts.

19 MR. BUNDY: And where is that kept?

20 MS. TSOCHLAS: Those are maintained at our
21 offices.

22 MR. BUNDY: In the vessel's file or how is
23 that?

24 MS. TSOCHLAS: At our offices we have a
25 file that is for the document submission and

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1 it's divided between the two vessels, and it's
2 basically every two months we have a new file
3 because it's a lot of documentation.

4 MR. BUNDY: Okay. Thanks.

5 MS. TSOCHLAS: The IEC auditor made
6 reference to the fact that there were no
7 maintenance records found onboard. As I said
8 before, we have developed instructions
9 regarding the maintenance, testing, and
10 inspection of the SWOMS. In fact, there is not
11 much maintenance that we can do to the unit,
12 because you can't touch the unit, it's a closed
13 box, but the things that we do do are checking
14 if the soundings are correct, checking that
15 it's functioning, that the printouts are being
16 printed out, and that the data is being
17 submitted electronically. That procedure has
18 been included in the Environmental Management
19 Plan.

20 Another reference was made to requiring
21 value added training courses for compliance
22 culture. As I've already discussed in detail,
23 we're updating our overall training procedure.
24 We've included training regarding the actual
25 environmental compliance and our Environmental

1 Management System, so I think we've addressed
2 that.

3 MR. BUNDY: Let me ask you this, one of
4 the biggest problems always is a company might
5 recognize that it's economic and in its best
6 interest as a responsible corporate citizen to
7 have programs in place and to insist on
8 compliance with environmental and safety and
9 other things, but getting it down to the
10 operational level, in the case of a shipping
11 company, the seafarers, who are often far
12 removed from direct management, is always a
13 problem and an issue.

14 Have you come up with anyway you think is
15 the best for your company to make sure that
16 your seafarers share the company's policies
17 about corporate compliance? I mean, we've seen
18 all the training ideas, but do you have any
19 sense that there might be other ways to do it
20 or have you come up with someway that's unique
21 to Ionia that you think might be the best way
22 to do it, how are you going about it, other
23 than just the training?

24 MS. TSOCHLAS: Well, the training is a
25 really important part and the fact that we're

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1 using a small manning agent in the Philippines
2 where we have our trainers, trainers that have
3 come into contact with us and the fact that our
4 Crewing Manager is going out there all the
5 time, I think really encourages creating a
6 culture of being part of the company and part
7 of a team, rather than just being a seafarer
8 signing onto a ship. Other manning agents,
9 which are much bigger and provide seafarers to
10 a number of companies, can't really develop
11 that culture. Our seafarers are a part of
12 Ionia, they're really a part of Ionia, they
13 have contact with Ionia's personnel, not just
14 onboard the ship, but in the Philippines, and
15 we have contact with their families as well.
16 We provide bonuses to their families and perks,
17 for example.

18 MR. BUNDY: But was that the case as well
19 before the Kriton incident?

20 MS. TSOCHLAS: No, I think this is
21 something that's really been developed over the
22 last couple of years.

23 MR. BUNDY: The manning issue.

24 MS. TSOCHLAS: I'm not sure how much was
25 in force before the Kriton because I wasn't

1 working for the company then. But I know that
2 since I have been there, at least there's been
3 a lot of focus on the human element in the
4 company.

5 MR. BUNDY: Okay.

6 MR. CHALOS: Then, of course, your
7 superintendents go onboard.

8 MS. TSOCHLAS: Well, we have our
9 superintendents going onboard. We have a lot
10 of communication with our vessels. We're
11 always sending bulletins to the vessels,
12 updating them on the issues, not just to do
13 with the environment, also to do with security
14 issues and safety issues. If we have incidents
15 that somebody gets hurt, we'll go onboard and
16 we'll make sure that all the vessels learn
17 about that incident, so that they can learn
18 about what went wrong and how to not have the
19 same thing happen again. Ionia finds it really
20 important to maintain open communication with
21 the seafarers onboard and I think that the
22 seafarers do feel that.

23 MR. BUNDY: Thank you.

24 MS. TSOCHLAS: This comment was regarding
25 the document submission. There were no

1 procedures available onboard indicating how the
2 documentation that we provided to all the
3 relevant parties is submitted from the vessel
4 to the company and then from the company to all
5 the parties. That procedure has been developed
6 and included in the Environmental Management
7 Plan, so it is now onboard.

8 This was a comment related to the fleet
9 engineering survey. There was no procedure in
10 place. That has been developed and included in
11 the Environmental Management Plan, however,
12 there were records available for the fleet
13 engineering survey that was carried out in
14 April of 2009, and we've submitted those
15 records to you.

16 MS. PETTUS: Could I ask one thing about
17 the procedure for the fleet engineering survey?
18 And that is in reading the samples that we got,
19 I kind of got the mental image just from kind
20 of looking at how similar the responses were,
21 and I understand if you're working on the same
22 ship, you'll see the same issues. I kind of
23 got this image with the guys saying, what do
24 you think about this, not colluding, not
25 necessarily in a nefarious sense, but not sort

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1 of independently thinking for themselves.

2 MS. TSOCHLAS: That is possible because
3 the first one we did we sent them to the
4 vessels, everybody was required to do it at the
5 same time. The procedure from now on is
6 anybody that signs-on within three months has
7 to complete it, so he'll have to do it by
8 himself. The first time, though, it was sent
9 out to the vessels and we asked them to
10 complete it. So, it is possible that they were
11 sitting together, but it is something that is
12 beyond our control. We could tell them not to.

13 MS. PETTUS: You may want to consider
14 doing that, because they may think it is sort
15 of a group activity, so to speak.

16 MS. TSOCHLAS: I think from now on,
17 because it will be implemented in a different
18 way -- actually, the implementation is in a
19 different way. It probably won't be so easy
20 for that to be done like that.

21 MR. SANBORN: I just want to share my
22 observations. I had the same observations as
23 Miss Pettus, except that I've seen a lot more
24 of these through other companies and there were
25 a couple in there that were -- pretty well,

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1 surprised me because they were thoughtful and
2 appeared to be very well done. This seems to
3 be a universal problem and it's like building a
4 culture. And, again, this is just my opinion
5 based on what I've seen in other areas,
6 including at Ionia. I guess it's going to take
7 time before you can -- and you just have to
8 keep working on it with the people onboard,
9 that this is what we're really looking for, we
10 really want you to be honest.

11 MS. TSOCHLAS: And that is included in
12 part of the pre-joining familiarization, not
13 just to do with the fleet engineering survey,
14 to do with a whole lot of other issues like
15 near-miss reporting. Near-miss reporting a few
16 years ago wasn't even thought about, nobody
17 would do something like that, and we really
18 encourage it and try and highlight and
19 emphasize the benefits of doing it properly to
20 the crew, that they will get something back
21 from that, so that it is, as you say, a culture
22 that you have to build up.

23 MR. CHALOS: Mr. Bundy, if I could address
24 Miss Pettus for a second.

25 MR. BUNDY: You know what I'd like to do, Appendix A3
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1 I'm supposed to meet Judge Arterton in about
2 two minutes, so if we could just break right
3 now and Miss Tsochlas can finish up. You have
4 a couple more slides, so this might be a good
5 time to break, you could finish up when we
6 reconvene at 1:15 and then Miss Pettus or any
7 of the people from the Government can ask
8 whatever questions that they seem appropriate,
9 and then -- and Mr. Sanborn and Captain Wigger
10 can then also do that and that -- and we could
11 wrap up.

12 So, why don't we break right now and we'll
13 reconvene promptly at 1:15.

14 Thank you.

15 (Whereupon, the luncheon recess
16 was held.)

17 MR. BUNDY: Miss Tsochlas, you're still
18 under oath, so you may continue.

19 MS. TSOCHLAS: So, I think we've discussed
20 this slide, the THEO T engineering survey.
21 Shall we go onto the next one?

22 MR. BUNDY: Yes, please.

23 MS. TSOCHLAS: So, our company's mission.
24 Ionia's committed to continuously improving in
25 order to enhance our fleet's environmental

1 performance. Ionia's committed to continue its
2 compliance with the terms of probation and the
3 environmental rules, regulations and
4 legislation. We're committed also to
5 developing a culture of environmental awareness
6 and consciousness throughout the company's
7 personnel both onboard and ashore from top to
8 bottom.

9 MR. BUNDY: How did -- when was this
10 mission put together and how did you formulate
11 it?

12 MS. TSOCHLAS: Actually, our mission
13 statement, which includes this, but other
14 aspects of the management, was put together
15 during the last year and it was formulated with
16 the top management of the company.

17 MR. BUNDY: Okay. Was it in some sort of
18 a facilitated discussion or was this just
19 within the company in terms of the discussion
20 with management?

21 MS. TSOCHLAS: We had arranged for a
22 meeting with the top management to discuss the
23 company's mission, so it was a facilitated
24 discussion.

25 MR. BUNDY: Okay. Go ahead. Thank you.

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1 MS. TSOCHLAS: Ionia's doing everything
2 that she has to as a company to put together
3 effective compliance program. The first thing
4 is to change the culture, and the culture not
5 just onboard, the culture from top to bottom,
6 from the management throughout the company and
7 then onto the vessels. We've improved our
8 equipment, we've put top technology equipment
9 onboard, we're providing training, we're
10 improving our training standards, and then
11 we're overseeing the whole implementation of
12 all of our efforts, both internally and
13 externally. We also have help from the IEC and
14 the ICC to ensure that our program is being
15 properly implemented and we've put mechanisms
16 in place to ensure proper implementation. At
17 the moment it is to ensure that the
18 environmental management plan is effectively
19 implemented onboard all of the company's
20 managed vessels, implementing the procedure
21 concerning the competency evaluation using the
22 software that we've just acquired, improving
23 our training through the use of CBT, computer
24 based training that we've just acquired, and
25 resolving any minor issues that may arise

1 regarding the SWOMS.

2 In conclusion, I think that Ionia has made
3 significance progress in implementing the
4 requirements of the Court's order and the
5 Special Master's scope of work and I think that
6 progress is evident in the initial audits that
7 have been carried out onboard our vessels. I
8 think one can see that the second audit carried
9 out on the M/T FIDIAS had much better results
10 following the first one that was carried out on
11 M/T THEO T. Full compliance has been achieved
12 on both the M/T FIDIAS and the M/T THEO T. And
13 all the recommendations for improvement that
14 have been from the IEC and the ICC have been
15 considered and implemented. I think we're on a
16 good road.

17 And in consideration of everything that
18 we've said today, and in the previous hearing,
19 and everything we've done, Ionia respectfully
20 requests the Special Master recommend to the
21 Court that the M/T THEO T and M/T FIDIAS having
22 installed and commissioned the required
23 pollution control equipment, the SWOMS, and
24 having instituted appropriate procedures and
25 programs to ensure compliance with all

1 applicable environmental laws and regulations
2 and the Court's order, be permitted to call at
3 U.S. ports.

4 MR. BUNDY: All right. Thank you.

5 MS. TSOCHLAS: That's all I have to say.

6 MR. BUNDY: Mr. Chalos, does anybody else
7 from Ionia have any factual remarks that they
8 want to be made before the Government asks
9 questions?

10 MR. CHALOS: No.

11 What I wanted to say before the break to
12 Miss Pettus, and to the Coast Guard, is if they
13 have any questions that they want included in
14 the fleet survey, the engineering survey, you
15 know, we welcome those.

16 MS. TSOCHLAS: Yes.

17 MR. CHALOS: And we're happy to -- because
18 the mechanism's in place to do the survey, if
19 there's any specific questions that you want to
20 ask or any general questions you want to ask,
21 let us have it and they'll be included in the
22 next survey.

23 MR. BUNDY: All right. Miss Pettus?

24 MS. PETTUS: Okay. I think what we
25 discussed kind of doing is, because I am not

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1 necessarily the best person -- the conduit for
2 questions, especially when it comes to
3 technical things, is try to do our questions in
4 sort of groups of topic, and so, I thought we'd
5 try to track to some degree your presentation
6 in terms of the order.

7 So, I guess the first thing, the first
8 subject to cover would be the SWOMS system. I
9 didn't have any particular specific questions
10 about that, but I'll open that up to my
11 colleagues here from the coast guard.

12 LIEUTENANT COMMANDER CASHMAN: When the
13 technical manager receives the ORB reports from
14 the vessels as well as the SWOMS report and
15 makes the comparison, what happens next?
16 What's the next step in reporting that to
17 management?

18 MS. TSOCHLAS: When the comparison is made
19 and it's verified that everything is in order,
20 everything matches up, if there are any
21 discrepancies or any findings, then an
22 investigation is initiated which involves a
23 vessel. If that investigation, which hasn't
24 happened up until now, but if that
25 investigation leads to the fact that we have a

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1 major nonconformity then top management will be
2 informed.

3 MR. OLSEN: Does the technical manager
4 have any guidelines or instruction, what types
5 of flags does he have that would give him to
6 raise concern about what's going on on the
7 vessel, even without comparison or doing the
8 comparison to the other documents?

9 MS. TSOCHLAS: I'm not sure I understand
10 what your --

11 MR. OLSEN: Okay. Suppose the average
12 load or on the bilge tank is a meter a day and
13 he happens to see one night overnight it jumps
14 up 10 meters or 20 meters over two days, does
15 he have any guidelines as to what he should be
16 looking for and how he should interpret that
17 data?

18 MS. TSOCHLAS: Well, the first thing that
19 is done is that the oil record book are
20 checked, the book is checked independent of the
21 other data to make sure all of that checks out.
22 The guideline is MARPOL.

23 MR. OLSEN: No, no, I'm just --

24 MS. PETTUS: Can I rephrase it? I think
25 what he's trying to get at is are there certain

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1 criteria that are things that are thresholds or
2 triggers that would cause an investigation and
3 is that written down somewhere.

4 MR. OLSEN: Yeah, without comparison, just
5 getting the regular data?

6 MS. TSOCHLAS: The first thing that we
7 base the review on is MARPOL legislation. I
8 think that's a pretty good guideline for that.
9 We have additional requirements that we've
10 included in our guidelines and, of course, the
11 oil record book entries are checked to be -- to
12 correspond with those guidelines.

13 MR. BUNDY: Can I follow-up with that?

14 If you -- if a technical superintendent
15 looking at any report from the vessel, be it
16 the oil record book or anything else, sees
17 something that's a nonconformity or a
18 deficiency of some kind, are there any
19 guidelines that the company has that would
20 direct the superintendent what to do to bring
21 it to the attention of the technical manager or
22 higher up in management, handle it himself,
23 communicate with the vessel, are there anything
24 that describes to the technical superintendent
25 what his actions would be in any given

1 circumstance?

2 MS. TSOCHLAS: All identified
3 nonconformities are reported to the DPA of the
4 company who initiates the investigation. The
5 investigation is carried out in liaison with
6 the relevant department, whether it's the
7 marine department, this is independent of
8 environmental, it's for anything that may be a
9 nonconformity, so the investigation is carried
10 out in cooperation with the relevant
11 department. All such nonconformities are
12 reported to the managing director and the
13 managing director approves all established
14 corrective -- because the important thing of
15 identifying a nonconformity is carrying out a
16 proper route called analysis and then
17 establishing an appropriate corrective and
18 preventive actions so that you can fix the
19 problem there and ensure that you won't have a
20 re-occurring problem. So, that whole process
21 is carried out and is approved by the managing
22 director and that's included both in our safety
23 management system and in the environmental
24 management plan.

25 MR. BUNDY: Is that what you're getting

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1 at?

2 MS. PETTUS: I guess what we're more
3 interested in is what is your definition of a
4 nonconformity. If you have a sudden spike in
5 tank levels, would that institute a
6 nonconformity or is it merely that the
7 records --

8 MS. TSOCHLAS: A spike in tank level can't
9 be a nonconformity on its own, there's a reason
10 for that spike, which may be a nonconformity,
11 so that has to be investigated.

12 MS. PETTUS: But the spike would be
13 investigated?

14 MS. TSOCHLAS: Would be a reason for
15 investigation, yes.

16 MS. PETTUS: And is there guidance for the
17 people reviewing the records as to what should
18 trigger additional investigation as to whether
19 or not something is, or are you just kind of
20 relying on their expertise?

21 MS. TSOCHLAS: Well, their expertise I
22 think is sufficient because I think that's what
23 most auditors and inspector do rely on. You
24 have all the information in MARPOL, you know
25 what is supposed to be entered, how it's

1 supposed to be handled, you know the tank
2 capacities onboard the vessel and IOPP.

3 MR. OLSEN: Michael, maybe if you
4 understand what I'm saying, you can explain it
5 a little bit. On a day-to-day basis, this data
6 from the ship is coming in, some days the
7 amount of bilge water being pumped into the
8 bilge tank is a meter a day, nothing, the
9 technical manager, not the auditor or an
10 inspector, the technical manager is getting
11 this data, he looks at it and sees overnight it
12 went from two tons to 30 tons, what kind of
13 guidelines does he have in terms of informing
14 the rest of the company what they should do,
15 what they should look into, et cetera? I mean,
16 this is not a nonconformity in the context of
17 an SMS system, this is just a practical issue
18 that's become obvious overnight, and that's
19 what were looking for, what kind of guidance do
20 they have to take action on those concerns?

21 MR. CHALOS: I know what Mr. Olsen is
22 driving at. What he's saying is suppose
23 something let's go, you know, a pipe let's go
24 and there's an increase in your bilge levels,
25 or in one of your holding tank levels, what

1 guidance would the guy looking at it, you know,
2 have to bring it up higher? And I think what
3 you were saying is part of it is just his
4 expertise, his experience would say, hey, wait
5 a minute, if the tank is supposed to be at
6 three meters and all of a sudden it's at
7 30 meters, something is going on and I'm going
8 to check it out, but the manual, if you read it
9 carefully, both the environmental management
10 manual and the SMS, does have a procedure for
11 reporting when situations arise like that, but
12 I would assume that if you have a big spike
13 like that, you already have a report from the
14 ship as to what happened, and that's part of
15 the SMS reporting and the Environmental
16 Management Plan reporting, because that's an
17 unexpected event, you know, when you have a
18 rise that much. To me, to go from using that
19 example, from three meters to 30 meters,
20 assuming that the tank can hold 30 cubic
21 meters, you've had some sort of catastrophic
22 event, you know, which is going to be reported.

23 MS. TSOCHLAS: A major release.

24 MR. OLSEN: So, then the guidance would be
25 for the technical manager reviewing the

1 information to contact the ship and find out
2 what's going on?

3 MS. TSOCHLAS: Well, that is what we mean
4 by initiating an investigation. Initiating an
5 investigation asks why is this like this? And
6 then the vessel would have to explain. As
7 Mr. Chalos said if we have a major leakage that
8 will cause such a spike, we'd probably know
9 about it because we've had a serious problem on
10 the ship. If we've had a serious problem on
11 the ship and it hasn't been reported and we've
12 discovered that through monitoring the tank
13 level, then that will definitely be a
14 nonconformity. But the whole idea is an
15 investigation must be initiated so we can
16 verify what the root cause of that problem is.

17 MR. OLSEN: Those responsibilities are
18 captured in their duties, the people looking at
19 this stuff knows that that's what they need to
20 do?

21 MS. TSOCHLAS: The superintendents are
22 responsible for the vessels performance on an
23 overall level, so anything unusual, whether
24 it's a spike in tank levels or it's lube
25 analysis reports that aren't quite right, they

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1 have to look into it. That is their job.

2 MR. CHALOS: What Mr. -- what George was
3 saying was that in the EMS -- if you remember
4 there was a -- Yes, line 55.

5 MS. TSOCHLAS: Section 5 of the EMS.

6 MR. BUNDY: Section 5.

7 MS. TSOCHLAS: That's five, eight, nine
8 and ten sections.

9 MR. CHALOS: The extraordinary engine room
10 operations --

11 MR. BUNDY: Uh huh. (Affirmative).

12 MR. CHALOS: -- that now is recorded in
13 the logbook, assuming that what we're talking
14 about is the scenario that Mr. Olsen gave,
15 that's recorded and it's reported. That's part
16 of the procedure. So, the superintendent would
17 have probably an overnight report if something
18 went wrong. I mean, according to the
19 procedure, if something went wrong and a pipe
20 let go or there was a spillage, a leakage
21 inside the ship, or even outside the ship, all
22 that has to be recorded and reported as part of
23 the procedure.

24 MS. PETTUS: While we're on that subject,
25 in thinking about that, there's also -- because

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1 you have this log for extraordinary operations,
2 then there's also this category the
3 extraordinary discharge, is that made clear to
4 the folks who are in control of those
5 operations that there's kind of a difference or
6 it should be in both places or something?

7 MS. TSOCHLAS: The accidental discharge is
8 when we cause pollution accidentally, that's
9 something totally different, it's oil that goes
10 into the sea. In our Environment Management
11 Plans to do with extraordinary occurrences,
12 it's occurrences within the engine room that
13 hasn't yet caused any pollution and the
14 definition of the issues that have to be logged
15 into that extraordinary operations logbook is
16 in the Environmental Management Plan.

17 MS. PETTUS: Because the terminology is so
18 close, to make sure that the people in charge
19 of making those entries aren't thinking, oh,
20 this now goes in this other new logbook and
21 leave it out of --

22 MS. TSOCHLAS: No, it's two very different
23 things and when you get to the point of having
24 an accidental discharge into the sea, the
25 company will definitely be giving guidelines

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1 how that entry should be entered into the oil
2 record logbook.

3 MR. CHALOS: That's part of your training
4 in maintaining the oil record book?

5 MS. TSOCHLAS: Yes.

6 MR. SANBORN: If I may, in listening to
7 Mr. Olsen, if you look in their Environmental
8 Management Plan, the process is covered in
9 section seven, but there's nothing in there
10 that gives you, let's say, numeric guidelines.

11 MR. OLSEN: Well, the guidelines for the
12 person reviewing the information.

13 MS. TSOCHLAS: But giving numeric
14 guidelines is something very difficult because
15 when you see a spike that goes from 10 to 30,
16 there are many other issues that could be
17 involved.

18 MR. CHALOS: The whole point being, if
19 there's an event that's out of the ordinary, it
20 has to be captured in someway and that's what
21 these --

22 MR. BUNDY: Somebody has a responsibility
23 to capture it and set out what the kinds of
24 things are, leakages, extraordinary events, and
25 all of that.

1 Okay. Miss Pettus, go ahead.

2 MS. PETTUS: Do we have other questions
3 about SWOMS specifically?

4 MR. OLSEN: Yeah, I do.

5 When this information from the SWOM
6 system, the data, the raw data is sent to your
7 office, what's the format of it?

8 MS. TSOCHLAS: We included a sample of
9 that format.

10 MR. OLSEN: Is this the format, the
11 strips?

12 MS. TSOCHLAS: No, those are the printed
13 records that we've been submitting up until now
14 because we haven't yet received electronic
15 data, but in the documentation that we
16 submitted 15 days ago, we have one sample from
17 each sample. It's in a PDF analysis.

18 MR. OLSEN: Can they do like trend
19 analysis, and are there averages formed with
20 the software that the reviewer again could
21 determine?

22 MS. TSOCHLAS: That is not done by the
23 unit, the superintendent that's reviewing the
24 records carries out data entry using those
25 records.

1 MR. OLSEN: So, he has to do that
2 manually?

3 MS. TSOCHLAS: Yes.

4 MR. OLSEN: Just so you know, we have
5 companies that have the software that does some
6 of that interpretation and mining, so it makes
7 it easier for the person in the shore-side
8 office to review it.

9 MS. PETTUS: And I guess maybe this is
10 kind of sort of in tandem with that, what kinds
11 of analysis, I mean, there's obviously the
12 cross comparison between the two sets of
13 documents, what other kinds of analysis is done
14 on the records?

15 MS. TSOCHLAS: They start off with the oil
16 record book to make sure that everything checks
17 out in the oil record book, that all the
18 numbers add up and all the entries are
19 correctly entered in accordance with MARPOL and
20 our guideline, and then a cross-check is
21 carried out between the documents so that the
22 engine room alarms print out, the
23 superintendent will check which alarms that are
24 related to pollution prevention equipment have
25 been triggered and then check that in the oil

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1 record book there's a relevant entry, the tank
2 soundings are cross-checked with the entries in
3 the oil record book, and now that we have the
4 SWOMS data that will also be cross-checked with
5 the oil record book entries.

6 MS. PETTUS: Anything further?

7 MR. OLSEN: No.

8 MS. PETTUS: I think the next topic we
9 thought would be good to cover is training, and
10 I think that's one that was discussed earlier,
11 yeah, there was training going on before
12 anything happened with the Kriton, and,
13 clearly, that wasn't too -- I think we just
14 probably got that a little bit last time too.
15 I think we're all concerned to make sure this
16 is as effective as possible, and so, my first
17 question, I guess, on that front is, you
18 detailed for us a lot of different forms of
19 training.

20 MS. TSOCHLAS: Uh huh. (Affirmative).

21 MS. PETTUS: One of which was the
22 pre-joining familiarization and there was some
23 competency testing that occurs on the front end
24 of that?

25 MS. TSOCHLAS: I'm sorry, can you repeat

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1 that?

2 MS. PETTUS: The competency testing that
3 occurs on the front end of that so you can kind
4 of figure out where you need to target
5 additional training, and I guess my question
6 was what kinds of evaluations occur after the
7 seamen get this training? Because one of the
8 problems, I think, happened, possibly the first
9 time is, people were getting training and
10 either that training wasn't very effective or
11 they weren't paying attention, or whatever it
12 was, and the message wasn't getting through,
13 but there was no way to know that, and what are
14 you doing to try to figure that out?

15 MS. TSOCHLAS: The computer based
16 training, we've actually brought a demo of
17 that, it gives you the training, the person
18 goes through and listens to the DVD that takes
19 in the training that's being carried out during
20 that training session and then at the end,
21 there's a test that he carries out. All those
22 results are maintained of those test results,
23 so we can review those test results and see if
24 there has been progress, that the first time he
25 did something to do with cargo handling, he got

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1 two out of 10, and the second time he got five
2 out of 10.

3 MS. PETTUS: Right.

4 MS. TSOCHLAS: And that's also combined
5 with the competency evaluation. The competency
6 evaluation will be carried out on every
7 seafarer prior to signing on regardless of
8 whether they join in the company for the first
9 time or they're rejoining a vessel.

10 MR. CHALOS: I don't -- if I may? I don't
11 think that's what Miss Pettus -- I mean, that's
12 part of what she's asking, but what she's
13 really asking is you have two forms of
14 pre-joining training, the external and the
15 internal, right? In addition to what happens
16 on a ship.

17 MS. TSOCHLAS: Yes.

18 MR. CHALOS: I think what you're asking is
19 what are you doing to evaluate the
20 effectiveness of the pre-joining training
21 either by the external outfit or the manning
22 agent to make sure that it's effective training
23 at that level?

24 MS. PETTUS: Well, it's kind of a broad
25 question, really, I understand you have a

1 computer based training, those modules have
2 their own sort of evaluating questions at the
3 end.

4 MS. TSOCHLAS: They allow us to maintain
5 data, which up until now we could get records
6 of the training that was being carried out,
7 but, yes, that person did attend that training,
8 but we didn't have data to indicate his
9 performance during that training, he could have
10 been sleeping during that training, this way we
11 can see what he's taken in and what he hasn't
12 taken in.

13 MS. PETTUS: Right.

14 MS. TSOCHLAS: So, we have facts that we
15 can analyze and review. And as I said in my
16 presentation, we've also combined that we set
17 key performance indicators, so we are hoping to
18 see an improvement in the vessel's improvement
19 overall with respect to fleet and observations
20 recorded by third parties, which are
21 inspectors, either auditors from the
22 classification society or from state control or
23 betting inspectors, so we'll be gathering all
24 that data and monitoring in terms of training
25 as the training program progresses, will that

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1 improve, will our performance in those aspects
2 improve.

3 MS. PETTUS: And I guess -- but in
4 addition to the computer training you're also
5 doing some -- I mean, you were talking about --
6 you were still having the weekly shipboard
7 meetings?

8 MS. TSOCHLAS: Yes.

9 MS. PETTUS: And you're having people come
10 visit and just talk?

11 MS. TSOCHLAS: Yes.

12 MS. PETTUS: Where you don't necessarily
13 have a computer system, and I know from the
14 trial, those things were supposed to be
15 happening before and people were signing sheets
16 but not necessarily being at the class?

17 MS. TSOCHLAS: Well, with the weekly
18 training sessions that are carried out onboard,
19 as I said, we were getting records that they
20 were attending that training but we couldn't
21 measure in a quantifiable way how effective
22 that training was.

23 MS. PETTUS: Right.

24 MS. TSOCHLAS: Now, this is going to help
25 us at least be able to measure and chart some

1 progress or not, depending on how effective it
2 is. We can't tell you now how effective it is
3 going to be, we have to implement it first.

4 MR. CHALOS: Through the computer based
5 training.

6 MS. TSOCHLAS: And through the competency
7 evaluation and now we've set the KPIs that will
8 assist us in monitoring that as well.

9 MR. BUNDY: Could I ask something? The
10 competency evaluation, if you have a master
11 that signs on first time, that master will have
12 to undergo this competency evaluation.

13 MS. TSOCHLAS: Prior to signing on.

14 MR. BUNDY: Prior to signing on. And
15 before he -- and before he gets on -- sets foot
16 on the vessel?

17 MS. TSOCHLAS: Exactly.

18 MR. BUNDY: And then he serves on a
19 contract and then goes, and then the next time
20 he signs onto a vessel, will he have to go
21 through the competency evaluation again?

22 MS. TSOCHLAS: Yes, he will.

23 MR. BUNDY: Even if he was only off for
24 two weeks, say, or a month, or something?

25 MS. TSOCHLAS: Well, we haven't put it in

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1 terms of time, we've set it for each time he
2 joins in.

3 MR. BUNDY: Each time he sets a contract
4 he has to go --

5 MS. TSOCHLAS: Because a master usually
6 won't be off for two weeks, they usually do
7 stay off for two or three months, and during
8 that time that's an opportunity we take to
9 carryout refresher courses at external
10 organizations, and regardless of whether
11 they're rejoining the company or first time,
12 they attend the rejoining familiarization
13 program.

14 MR. BUNDY: I'm trying to understand.
15 What you have implemented, you said before, you
16 would give the training and you had no way of
17 knowing if the training was effective, but now
18 you have two ways, one is the results of the
19 computer based training in which you can see
20 the testing results on the topics which are
21 covered, generally, on the environment, and,
22 two, whenever a seafarer signs on to an Ionia
23 ship, he has to undergo competency evaluation,
24 and you get a feedback on that if the person is
25 competent in the areas that are important for

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1 the environment, for instance.

2 MS. TSOCHLAS: Exactly. And, ideally, we
3 should see a trend of increased performance in
4 that competency evaluation. If it's the same
5 rank because the -- the master is the same
6 rank -- the first time he does a competency
7 evaluation, he will then undergo further
8 training, so the first time he might get a mark
9 five and the next time he goes through
10 competency, he'll have undergone training from
11 external programs from our pre-joining -- our
12 in-house programs, onboard training, the next
13 time he does competency evaluation, ideally, he
14 should get a better mark.

15 MR. BUNDY: And you're going to track
16 that?

17 MS. TSOCHLAS: And we're going to track
18 that, yes.

19 And in addition to -- I wanted to say
20 something before.

21 MR. BUNDY: Sorry.

22 MS. TSOCHLAS: To do with the -- we are
23 monitoring that also through having more open
24 discussion with our seafarers and sending our
25 superintendents onboard with the purpose of

1 carrying out training. Up until now
2 superintendents would go onboard to inspect the
3 vessel, audit the vessel, help out with issues
4 that may have arisen, now we're going to --
5 part of the superintendent's attendance program
6 will be to carrying out training and that
7 training is going to be controlled by the
8 company. So, I think we'll have improved
9 monitoring.

10 MR. CHALOS: Could I ask a question?

11 MR. BUNDY: I think Captain Wigger had a
12 question.

13 CAPTAIN WIGGER: In fact, that was going
14 to be my question, I know you have a form, the
15 environmental audit checklist, which,
16 generally, when you do an audit, you do crew
17 member interviews, as well, to get an idea of
18 their understanding, whether it's a SMS, ISM
19 system, or environmental management system, so
20 that's part of their environmental audit when
21 they go aboard, they do individual crew member
22 interviews to ask them specific questions about
23 their training.

24 Some of the companies that we have worked
25 with have also developed sort of a crew member

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1 interview form that, you know, outlines some
2 key areas that they want to make sure the crew
3 member is aware of. Is that something that you
4 also have or are in process?

5 MS. TSOCHLAS: We have something,
6 actually, called a Safety Management System and
7 it's something we could develop for the
8 environmental audit as well.

9 MR. OLSEN: You mentioned earlier today,
10 and just recently when you responded to Lana's
11 question, that you expect to see or you will be
12 measuring some of the successes of the training
13 based on incidences, reported incidences, near
14 misses, and things like that, could you tell us
15 now, like, what is your baseline, how many near
16 misses a year do you have or other incidents
17 that are occurring? Surely, before you can
18 measure, you have to have a starting point and
19 you're indicating that you will be measuring,
20 but what's your starting point now in terms of
21 those types of things that you're going to look
22 at.

23 MS. TSOCHLAS: We collect up the data once
24 per year, and it's usually in October, that's
25 when we have our annual management review.

1 Now, incidents; last year we had one incident.
2 That was last year's.

3 MS. PETTUS: What other types of things
4 are reported?

5 MS. TSOCHLAS: When it come to
6 near-misses, a near-miss is something we
7 encourage, the more that are reported, the
8 better. So that is something that needs
9 further analysis to see how the reporting of
10 near -- of near-misses is going on. Generally,
11 a higher level of near-misses means that you
12 have a more proactive crew onboard because
13 they're actually reporting their near-misses.
14 A near-miss is a situation that could lead to
15 an accident if it was under slightly different
16 circumstances.

17 MS. PETTUS: But you've only -- haven't
18 had any?

19 MS. TSOCHLAS: Near-misses, we have a
20 number of near-misses, depending on the vessel
21 and the crew onboard and how proactive.

22 MS. PETTUS: Is there a general number?

23 MS. TSOCHLAS: For the FIDIAS, last year
24 was 17 near-misses.

25 CAPTAIN WIGGER: But these near-misses

1 could be related to safety?

2 MS. TSOCHLAS: Yes, not environment.

3 CAPTAIN WIGGER: You're right.

4 MS. PETTUS: And I guess one of the
5 things -- I know to some degree you have to
6 kind of focus on training as kind of a general
7 matter, because you have to get the whole
8 framework set up, but since the case was sort
9 of related to environmental provisions, what
10 percentage of the training -- I know we had
11 like the matrix and some other documents that
12 you provided to us -- is devoted purely to
13 environmental, to issues of oil pollution, can
14 you quantify a number of hours of the course
15 work that they're getting before they join the
16 ship?

17 MR. CHALOS: At which stage, the
18 pre-joining?

19 MS. PETTUS: Either or both.

20 MS. TSOCHLAS: I haven't quantified it. I
21 can do that. It's not a difficult thing to do.
22 We have a lot more emphasis than an average
23 company would have on the environment, but as
24 you said, we can't just focus entirely on the
25 environment. The whole safety management

1 system effects the environment, because if you
2 have accidents, it can lead to pollution.

3 MS. PETTUS: Right. I don't think we
4 would expect it to be 100 percent for sure, but
5 it would be interesting to know, and even to
6 the extent that you can kind of figure out from
7 what you were doing before, what the difference
8 has been, how many more hours --

9 MS. TSOCHLAS: I can calculate that,
10 because we know what we have added to our
11 pre-joining familiarization, we can add it, I
12 can calculate that, I just haven't done that up
13 till now.

14 LIEUTENANT COMMANDER CASHMAN: As a
15 follow-up, with the computer based training you
16 talked about approximately 300 different
17 modules in the training, but over the two year
18 training plan, based on four trainings per
19 month, you wouldn't be able to go through all
20 300.

21 MS. TSOCHLAS: One has to keep in mind
22 that those modules are according to rank and
23 department, so it's not 300 modules for the
24 master, it's 300 modules, but they cover issues
25 that are related to all the ranks and both of

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1 the departments, including catering as well,
2 and that matrix has been prepared so that we
3 can provide guidance to the seafarer to know
4 what he should be doing, so he might think
5 that, oh, the easiest thing is just to do
6 security, so I'll just do security, but we want
7 him to do environment and cargo handling and
8 navigation as well.

9 LIEUTENANT COMMANDER CASHMAN: What do you
10 have as an incentives to go beyond the minimum
11 requirement.

12 MS. TSOCHLAS: I think we're going well
13 beyond the minimum requirements of training.

14 MR. BUNDY: No, for the individual
15 seafarer, does an individual seafarer have any
16 incentive to take additional training or do as
17 many of the modules as he possibly could, is he
18 rewarded in anyway, or recognized, or anything
19 like that?

20 MS. TSOCHLAS: The fact that we're
21 implementing computer based training is an
22 incentive in itself, that's why we're doing it,
23 because it's more interactive and people find
24 it easier to carryout that kind of training,
25 rather than sitting in a room watching a DVD

1 and then you're relying on how active the Chief
2 Head Officer is in carrying out training and
3 how interested he is in carrying out that
4 training, or if he's just doing it to fill out
5 the papers. So, the fact that we're putting
6 computer based training is an incentive itself.

7 Now, when it comes to the additional
8 training, that's provided ashore, it's
9 sponsored entirely by the training. All this
10 training that is carried out is additions to
11 the seafarers CV, so that's an incentive in
12 itself.

13 CAPTAIN WIGGER: And that was another
14 question I was going to ask, the seafarer can
15 take, if he leaves the company, goes to another
16 company, the training that he has, he can take
17 that training record with him and that's his --

18 MS. TSOCHLAS: The certificates are his,
19 we don't keep them.

20 MR. CHALOS: Do you use the training, the
21 results of the training, you know, the
22 evaluations in promoting seafarers to higher
23 positions.

24 MS. TSOCHLAS: Yes. That will be -- when
25 we promote seafarers within the company from

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1 one rank to the next, we have a whole appraisal
2 process and part of that appraisal process is,
3 first of all, identifying if he needs any
4 further training to be promoted, and his
5 performance, when it comes to, we'll use the
6 competency evaluation for that.

7 MR. BUNDY: And if the person doesn't
8 achieve a certain score, even if the seafarer's
9 already worked for the company, he's come --
10 he's going on his second, third, fourth term.

11 MS. TSOCHLAS: He will be informed that he
12 cannot be promoted because he has these certain
13 lacks and it will be up to him to try and cover
14 those lacks.

15 MR. BUNDY: And when he goes for his
16 competency exam for his next term, if he
17 doesn't pass it, he doesn't get hired even if
18 he's --

19 MS. TSOCHLAS: He doesn't get promoted.
20 If his performance is in the rank that he is
21 acceptable, there's no reason not to rehire
22 him, but if it's for promotion and he does not
23 have the level of knowledge that we would
24 consider necessary for him to be promoted, he
25 will not be promoted.

1 MR. BUNDY: Let's suppose you have a
2 second engineer who has had several terms with
3 the company and now you've got a competency
4 exam requirement for every additional time he
5 signs on for another hitch. If he, staying as
6 a second engineer, he wants to continue as a
7 second engineer, he's not seeking promotion,
8 he's not eligible for promotion, but if he
9 doesn't do satisfactory on his competency exam,
10 will he not be rehired?

11 MS. TSOCHLAS: The purpose of the
12 competency evaluation is not to make people
13 non-rehirable, it's to identify any areas that
14 require further training so that we know
15 what -- he has a lack here, so we'll work on
16 that, we'll give all the training necessary so
17 he can improve his performance in that area,
18 it's not our aim to fail people and not make
19 them rehirable to the company.

20 MR. BUNDY: I was thinking of it in terms
21 of an incentive for the individual seafarer to
22 engage in as much training and work as hard as
23 he could on the training to ensure that he
24 passed his competency exam the next time
25 around.